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ONE HUNDRED SEVENTH CONGRESS

Congress of the United States

House of Representatives

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April 23, 2001

The President
The White House
Washington, DC 20500

Dear Mr. President:

I am writing to draw your attention to a matter of increasing importance and urgency facing the United States Postal Service (Postal Service). As you know, the Postal Reorganization Act of 1970 requires the Postal Service to provide affordable, universal mail service while remaining self-supporting from postal revenues. The ability of the Postal Service to continue to fulfill its statutory mission is in jeopardy. Over the past five years the Postal Service's net income has declined and it currently projects an unprecedented fiscal year 2001 deficit of between \$2 billion to \$3 billion. This amount is five times the deficit that was projected just four months ago. For fiscal year 2002, the Postal Service estimates that its deficit could reach as much as \$3.5 billion. The agency also has total outstanding debts of \$9.3 billion and could reach its \$15 billion statutory debt limit by the end of the next fiscal year. The Postal Service's financial problems have become so dismal that in an effort to reduce its costs, the agency recently ordered a freeze on all capital construction and improvement projects. More recently, the Board of Governors directed the agency to study the cost-savings associated with reducing delivery service to five-days a week.

The Committee on Government Reform held a congressional hearing to examine the financial crisis facing the Postal Service on April 4, 2001. At the hearing the Comptroller General of the United States, David Walker, testified that the Postal Service faces serious financial, operational and human capital challenges and has no comprehensive plan to address them. Because of the severity of these challenges, the General Accounting Office (GAO) added the Postal Service's activities to its "high-risk" list. As you know, the GAO "high-risk" list is reserved for those federal programs and operations, involving substantial resources or providing critical services to the public, that are in danger of severe management and control breakdowns.

The problems facing the Postal Service are the result of a variety of factors including a slowing economy and increasing competition from communications alternatives such as the Internet and fax machines. Moreover, the Postal Service operates under an outdated statutory framework that does not provide the agency with practical and adaptable solutions to compete in today's rapidly changing and truly global communications environment. Clearly change is needed and your leadership in this area would be critical to the enactment of any meaningful reforms. I am confident that the Administration working with the Congress, the Postal Service and its various stakeholders can develop a long-term solution without having to resort to increasing rates or reducing the quality or affordability of universal mail service. I appreciate your attention to this matter of extreme urgency and look forward to working with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Burton". The signature is stylized with a large, looped initial "D" and a long horizontal stroke extending to the right.

Dan Burton
Chairman